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The Charge of the Task Force

Members of the Rural Life Task Force were asked to examine ways to preserve, renew and sustain the value of rural Kansas in the economic and cultural life of Kansas. The 43 members of the task force were charged with expressing the cares and concerns of rural Kansas in the areas of energy, infrastructure, health, human services, agriculture, diversified economy, government and community empowerment.

This document is an update on the status of ideas identified by the task force as they told the stories of the past, present and future of rural Kansas in fall 2003 and actions taken in 2004.





Agriculture

Team Priorities

- Pursue liability legislation related to agricultural tourism.
- Make health insurance affordable for farmers.
- Bring in marketing professionals to help strategize a plan for Kansas agricultural tourism.
- Use commodity commissions, with their checkoff funds, to help market Kansas products.
- Review the position of Kansas products within commodity agriculture and implement tangible programs to upgrade the quality of commodities. Market Kansas commodities on the basis of quality.
- Review rules and regulations regarding direct-marketed and value-added agricultural commodities with an eye toward increasing efforts in that area.

Progress Report

SB 334 was passed by the 2004 Legislature and signed by Governor Sebelius. Limited liability for agritourism operators is achieved by posting warning signs (verbiage specified in statute) and a registration process with the Kansas Department of Commerce. Operators are provided a 20 percent tax credit against the expense of their agritourism liability insurance premiums as an additional provision of the legislation. The Department of Commerce established a registration process for agritourism operations and worked with the Department of Revenue to create the tax credit form and process.

The Department of Commerce hired Jane Eckert of Eckert AgriMarketing, St. Louis, as the consultant for the state's agritourism initiative during 2004. Jane has traveled most of Kansas and visited dozens of existing agritourism operations, held two regional workshops in Emporia and Hays, co-written the Kansas Agritourism Manual, acted as a consultant to the Agritourism Advisory Council and helped plan and execute the first statewide Agritourism Conference. The department is working with Jane and council members to help further the initiative and continue the consistency of leadership in this endeavor into the future.

The following list identifies some initiatives undertaken by the Agricultural Marketing Division to source-verify and identity-preserve Kansas-grown commodities to increase their market value:

1. Creating a food-grade grain sorghum growers group to explore the use of grain sorghum flour as a substitute for wheat flour for gluten intolerants and higher protein/lower carbohydrate baked products.
2. Funded A-Pack, a new dry-mix manufacturing firm that purchases all its flour from Kansas mid-size mills (Heartland, Stafford Co. etc) to produce specialty market product lines for Kansas companies such as Louisburg- based Rabbit Creek.
3. Funded AgriMarke (value-added cooperative based in Everest) to further enhance their high-quality, source- verified corn flour, masa flour and corn meal production. These products are used by snack food and tortilla manufacturers.
4. Funded a project to build or renovate a poultry processing facility in or near McPherson to enhance the profitability and market share for Good Shepherd Turkey Farm (Frank Reese) in McPherson. Good Shepherd supplies more than 6,000 Heritage Breed turkeys to Heritage Foods USA at an average price of \$90 per bird. Good Shepherd currently has to process its birds in Ohio.
5. Made loans to two Kansas farm wineries to increase production and improve facilities to continue to benefit the farm winery industry in Kansas.
6. Made a loan to SEK Grain to increase storage capacity and improve grain segregation capabilities for their member-farmers through better market arbitrage and identity preservation.

Oversight of farmers' markets and food safety regulation responsibilities were moved from KDHE to KDA by Executive Order effective Oct. 1, 2004. KDA is reviewing current regulations, including those of their existing inspection programs, relative to increasing direct marketing opportunities for farmers while still ensuring consumer safety. A team of agency employees is working with direct marketing stakeholders on this yearlong process. In addition to this review, the Agricultural Marketing Division is working with the Kansas Rural Center to establish a Kansas Farmers' Market Association to conduct statewide marketing efforts, pursue federal marketing grants and attempt to establish a single set of regulations at the state level to govern all farmer's markets.





Community Empowerment and Diversified Economy

Team Priorities

- Scrutinize the distribution of EDIF money through the state. Most believe it is not being returned to rural communities on an equitable basis.
- Establish a mentor/model clearinghouse through which businesses that have achieved success may share their techniques and wisdom.
- Establish an office of Small Community Sustainability through which small business leaders may unite.
- Establish a Kansas Products Warehouse through which small Kansas businesses could obtain products to sell.
- Explore and encourage the development of financial resources for economic development in many ways, including: Provide incentives for local business development.
 - ~Use state loan guarantees to provide local capital.
 - ~Authorize bonding authorities to finance local ventures.
 - ~Shift the emphasis away from large-scale manufacturing toward small-scale business.
 - ~Change the tax structure to allow retailers to play by the same rules as manufacturers.
 - ~Support revolving loan programs.
 - ~Loosen the state procurement code to simplify and expedite grant/contract acquisition.
 - ~Consider a program like the “chickadee checkoff” on state income tax forms to allow Kansans to contribute to rural entrepreneurial investment.
- Promote a marketing campaign that tells the story of the Governor’s Rural Life Task Force, relates specific success stories and empowerment victories, and encourages venture capitalists to invest in rural Kansas. Important case studies would include the Courtland Art Center, the new Russell’s women’s clothing store, the Kuhn family cider mill, Courtland and Butler County’s “buy locally” campaigns, and Will Carpenter’s grocery store mentoring program.
- Develop incentives for investing in small business through Kansas Small Business Development Centers.
- Call on the state’s universities, community colleges and technical schools to provide services that will train rural people.
- Establish a statewide resources center/clearinghouse (Rural Economic Center) with a toll-free number and website for sharing resources.
- Promote a system of “angel investors” through meetings to showcase rural potential.

- Enrich and promote the Santa Fe Trail.
- Establish a School of Rural Entrepreneurship.
- Encourage all Kansas banks to become interested in agricultural and entrepreneurial-oriented businesses.

Progress Report

Research revealed that, in fiscal year 2004, 74 percent of EDIF funds were distributed to rural communities and agricultural businesses.

Commerce is combining the resources of the Community Development Division and the Agricultural Marketing Division under the umbrella **Office for Rural & Entrepreneurial Development**. Although the divisions will remain distinct, collaboration of service delivery, technical assistance and financial support will be institutionalized through joint standing committees and regularly scheduled interaction between program managers in both divisions. The creation of the **Center for Entrepreneurship**, the development of a single, statewide, comprehensive economic development resource website and an accompanying toll-free number, will enhance this internal restructuring. Also, the ad hoc **Kansas Rural Entrepreneurship Committee** will be formalized.

Access to financing and venture capital is addressed through the **Rural Business Development Tax Credit** program that creates seven regional foundations (representing seven economic development regions). These foundations will manage \$1 million in tax credits to create \$2 million in private funding for business creation and retention, leadership development and telecommunication improvements in rural communities. The **State Entrepreneurial Fund**, seeded by \$500,000 from the state, will be managed by the **Center for Entrepreneurship** and also has a tax credit program to attract private funds for new business startups and existing businesses statewide. The **Angel Investor Network** also will provide venture capital opportunities to Kansans in both rural and urban communities. In addition, the **Downtown Redevelopment** program will provide a rebate of real property tax to individuals who rehabilitate downtown structures, thus alleviating a tax burden in the early years of establishing a business. There also are grants available to downtown business owners in communities designated as **Main Street Cities** – a program administered by the Community Development Division at Commerce.

Kansas Products Warehouse: Work is proceeding to create a virtual warehouse for Kansas foods and artisan crafts that will assist





businesses and increase sales of these products to in-state and out-of-state customers.

Plan of Action:

1. Commerce Ag Marketing Division provided a \$2,500 Business Enhancement grant to Kansas Originals (Wilson) to upgrade their website in June 2004.
2. Commerce Ag Marketing director and staff met with Kansas Originals in August 2004 to review progress on use of initial grant and to develop a strategy for further marketing efforts. Kansas Originals receives approximately 30,000 hits per month on their website but sales are not reflective of that activity.
3. Commerce has recommended a total revamp of Kansas Originals' website and will meet with Marge Lawson and her webmaster.
4. Commerce will provide a second Business Enhancement Grant to Kansas Originals for website reconstruction and development and also will provide marketing advice to their webmaster.
5. The departments of agriculture and commerce also are commencing talks with the Information Network of Kansas regarding on-line marketing of Kansas products.

In addition to working with Kansas Originals, Commerce Ag Marketing and Travel & Tourism Divisions will work jointly with Wyldewood Cellars from Mulvane to conduct market research through their new retail outlet on I-70 at the Paxico exit. This project will help identify consumer preferences for food and artisan products and how best to market them.

Energy

Team Priorities

- Support an energy plan for Kansas.
- Focus efforts on regionalized energy policy and production.
- Support the continuance and augmentation of the State Energy Resources Coordination Council (SERCC).
- Support SERCC's work to institutionalize the development of a comprehensive and coordinated energy policy for Kansas, including wind energy, coal bed methane and tertiary oil recovery.
- The state should develop a proactive and adequate regulatory program to guide development of new energy sources at their birth, rather than being forced to focus on cleanup and remediation as these resources wane.
- Consider financing needed energy action with severance tax revenues associated with new development.
- Increase the focus on energy conservation and efficiency.

Progress Report

In 2004, Governor Sebelius issued Executive Order 04-05 that revised and expanded the State Energy Resources Coordination Council and renamed it the Kansas Energy Council (KEC) to more effectively address energy policy and planning in Kansas. They recently published the "Kansas Energy Plan-2004." Publishing the plan was a step toward achieving the goals outlined in the Executive Order that established the KEC. These goals are to:

1. Collect and compile data;
2. Formulate and annually review and modify a comprehensive energy plan;
3. Advise of trends in relation to energy production, consumption and any tax or revenue implications;
4. Make recommendations on increasing the productive life of Kansas energy resources;
5. Make recommendations on increasing the state's energy self-reliance;
6. Make recommendations on policies to increase exportation of energy;
7. Make recommendations on policies to encourage renewable sources of energy;
8. Make recommendations on policies to improve efficiency;
9. Encourage energy research and development.





The KEC is made up of 23 members appointed by the governor.

Also in 2004, the governor established the Governor's Office on Science and Energy. This new unit provides a full-time professional staff member advising the governor on policy matters related to energy.

Health and Human Services

Team Priorities

- Uniform insurance forms.
- A review of insurance regulations.
- Effective, fair allocation of health care resources.
- Risk-based insurance premiums.
- Consider further bans on smoking in public areas.
- A fully funded Kansas Senior Care Act with in-home health care provisions.
- Addressing the cost of prescription drugs.
- Means to link health care centers (communication, transportation, other accessibility).
- A center for marketing and recruitment of medical, nursing and allied health professionals.
- Ensuring that health care (emergency care at a minimum) is provided to all Kansans, especially children and the elderly.
- A “services bank” so people can volunteer their help for the needy.
- A governor’s Good Health Program with incentives for communities that set health goals.
- A “meals on wheels”-style program that mails preserved goods to elderly people who are not served at this time because of their rural locations.
- Consideration of community-based health plans.
- Form a Kansas Housing Finance Agency and make mortgage revenue bonds and other housing finance options and programs available statewide. Support Senate Bill 222 in the 2004 legislative session, or similar legislation designed to help low- and moderate-income families purchase homes.
- Hold a statewide assessment of need.
- Create more human service coalitions.
- Fully fund the Senior Care Act.
- Publicize existing programs, such as Heartland Share.
- Initiate community conversations about empowerment. Help rural communities learn what has worked in other towns to help them make informed decisions.
- Explore new models of senior housing at all ranges between independent living, assisted living and skilled care in nursing homes.
- Ask major corporations to decentralize, allowing employees or employee groups to relocate to and work from small towns.
- Develop a program to supplement the cost of prescription drugs.





Progress Report

After taking office in 2003, Governor Sebelius, by Executive Order 03-21, established the Governor's Office of Health Planning and Finance. When she established the office, the governor identified several health issues she wanted to address in her administration, including: 1) more than 10 percent of Kansans lack health insurance; 2) Kansas is approaching a health care crisis and needs a comprehensive plan that focuses on the issues of quality, affordability, accessibility and financing.

The governor charged the new office with the following responsibilities:

1. Serve as the convener of health policy initiatives that ensure coherent, collaborative and cross-agency data collection and analysis, and policy development.
2. Serve as the coordinator of health and health care policy initiatives brought forth by the newly established Health and Human Services Cabinet Team.
3. Bring together providers, advocates, key cabinet officials, elected officials and business leaders to plan a comprehensive approach to addressing the key issues of cost, quality and accessibility.
4. Develop a multiyear plan that addresses accessibility, costs and quality with short-, middle- and long-term solutions.

The governor recently announced she intends to present her plans to the 2005 Legislature.


Although Senate Bill 222 failed to pass the House in the 2004 session, the governor, through the Kansas Development Finance Authority, continues to examine ways that can help low- and moderate-income Kansas families purchase homes.

Infrastructure and Rural Government

Team Priorities

- The use patterns of rural roads should be analyzed to determine if costs of town or county maintenance efforts are justified.
- Communities should consider clustering together to access services for their common areas, such as telecommunication and broadband Internet services.
- Mortgage lending bonds should be made available statewide.
- The use of geographic information systems should be encouraged to analyze the infrastructure needs of rural Kansas.
- Water quality and quantity should be protected.
- Implement a program of rural economic and community development designed to stabilize and build rural economies and populations.
- Ensure rural counties get their fair share of the Economic Development Incentive Funds (EDIF) collected through the Kansas Lottery.
- Celebrate existing examples of outstanding rural government leadership and innovation and share them widely as inspiration to others. Duplicate specific successful strategies in other jurisdictions when appropriate.
- Develop a permanent, statewide town meeting-style program of education about successful rural development, stabilization and governance strategies, including exchanges among existing rural city and county staffs, to increase knowledge and awareness on specific issues. Hold brainstorming/strategy sessions, open to the public, with key elected officials always present.
- Require or enable city and county officials to get training through the Kansas Association of Counties, the League of Kansas Municipalities, other professional associations and universities. Fund that training.
- Include rural governance in school curricula at all levels.
- Make the “Kids Vote” program more widespread.
- Make professional mediators available for all communities in conflict with one another if they request mediation.
- When considering alliances, partnerships, or consolidation, do it within a “do no harm” imperative; there can be no loss of political power, revenue, or economic activity that would imperil a rural community.
- Remove obstacles to public service by raising the salaries of some rural officials such as county commissioners, so they





are paid a better level of compensation. Incentives will encourage public officials to obtain continuing education and to network.

Status Report

As reported in the community empowerment section, examination of the disposition of EDIF funds showed that 74 percent of such funds go to rural communities and agricultural businesses.

The Legislative Division of Post Audit completed a report, “Local Governmental Reorganization: Assessing the Potential for Improving Cooperation and Reducing Duplication” in September 2003. That report concluded that opportunities to consolidate or share resources among local governments are plentiful but identifying opportunities isn’t the problem. “The difficulty lies in getting local government officials to seek out and embrace those opportunities, and to work together to change the status quo.”

The 2002 legislative session produced new legislation (K.S.A. 12-4002) establishing the Kansas Advisory Council on Intergovernmental Relations. The council is charged to engage in the continuous study of services provided by the various types and levels of government, the division of responsibility for providing and financing governmental services, possibilities of improving the organizational structure and operational efficiency of the various governmental units serving Kansans; and the state and local tax structure and the revenue requirements and fiscal policies of state and local units of government. The council was directed to give particular attention to modernization of the structure of Kansas local government, the impact of urbanization on the organization and functions of local government, the impact of technology on the organization and functions of local government, and the relationships between state and local governments.

The council recently adopted its primary study topic for 2004-2005. It addresses the question: “What governmental structures will allow for and promote growth and sustainability for the future of Kansas communities?”

Infrastructure (Broadband Internet): The term “broadband” is frequently used interchangeably with the terms “advanced services” and “high-speed access services.” The Federal Telecommunications Act of 1996 describes advanced services as

“high-speed, switched, broadband telecommunications capability that enables users to originate and receive high-quality voice, data, graphics, and video telecommunications using any technology.” These services are considerably faster than dial-up services that traditionally have been used by most residential and small business users.

Examples of broadband services include:

1. Over-wire including Integrated Services Digital Network (ISDN); Asymmetrical Digital Subscriber Line (ADSL); and Symmetric Digital Subscriber Line (SDSL)
2. Cable Modem Service
3. Satellite Service
4. Power Lines

Of these options, cable access is the most popular in the U.S. and Kansas.

The number of companies providing broadband services in Kansas grew from seven in 2000 to 34 by 2003. Between 1999 and 2003, the number of high-speed access lines in Kansas increased from 26,179 to 248,796.

In addition to services being developed by private carriers to serve households and small businesses in the state, the Board of Regents is in the final stages of implementing a statewide broadband backbone to serve all schools, libraries and hospitals. This is known as the KAN-ED program.

Much of the broadband service development is occurring with funds from the Kansas Universal Access fund, generated by a surcharge on telephone bills. During the most recent fiscal year, this fund produced approximately \$62 million. Of that, about \$10 million went to support the KAN-ED program and \$52 million went to private companies for service upgrades, including broadband, to customers. In addition to state funds, federal grants and loan funds are available to providers.

Broadband is being deployed in Kansas at about the same rate as the nation as a whole.

GIS Implementation in Rural Areas: At the request of RLTF staff, the state GIS Policy Board formed a Local GIS Implementation Subcommittee in March 2004. The subcommittee





has made considerable progress and expects to complete its final report in November. The GIS Policy Board currently is developing new strategic plan and the Local GIS Implementation Subcommittee recommendations will be incorporated into the plan.

A preliminary draft of the subcommittee's report confirms that the adoption and use of modern geospatial technology by local governments has been slower than desirable and includes six preliminary recommendations. These are summarized below:

1. Develop a central database of training and software resources available to local governments.
2. Develop a set of implementation guidelines for local governments that covers software, classification standards, database development, access and security to assist in program planning and implementation.
3. Conduct a series of training workshops throughout the state that cover practical applications and cost-effective approaches to developing a local GIS program.
4. Develop special guidelines for database development to help communities avoid unnecessary costs in database development.
5. Assist communities in developing local GIS consortiums to facilitate pooling of costs for personnel.
6. Assist communities that cannot develop their own GIS programs to obtain access to web-based services that can have at least some local database access and manipulation capability at a minimum cost.

The proposed goal of the subcommittee is for the GIS Policy Board to provide assistance to small jurisdictions on a continuing basis.

Workforce Development: ERO 31 moved employment and training programs from the Department of Human Resources to the Department of Commerce. Commerce then reorganized these programs and functions into Kansas First by melding them with existing workforce development functions already housed in the Business Development Division at Commerce. The result will be greater flexibility and efficiencies of training and education programs of the Kansas labor force in response to specific training needs outlined by employers. This initiative develops a new trust fund to redirect state resources to create centers of excellence and required capacities at community and technical colleges.

Action Plan Timeline

Project Steps	When	Who
“Story” document complete and disseminated	March 2004	KDA
Priority initiatives selected and presented to governor	April 2004	Team
Internal meetings to organize initiative plans	July/August 2004	Team
Meeting with co-chairs	Oct. 1, 2004	Team
Present process work plan document including future years of task force	Oct. 1, 2004	Carole Jordan
Develop rule and regulation working group for direct marketing issues; first meeting has been held and meetings will continue for a year	Oct. 1, 2004 to Oct. 1, 2005	Carole Jordan and team
Form a Kansas Food Policy Commission	Fall 2004	Dan and team
Establish a Kansas Products warehouse team	Sept.-Oct. 2004	Patty Clark
Develop a status report on task force recommendations	Sept. 2004	Team
Provide the status report to the governor and members of the task force	Oct. 2004	Joe Harkins
Governor uses the status report to determine if plans should be modified	Nov. 2004	
Governor initiates implementation steps	December 2004	
Meeting of task force in spring to modify plans	March 2005	Carole Jordan and team





Other steps, March through December, repeated in 2005 and 2006

Task force co-chairs and team to meet every two months—meetings to alternate between the Inman area and Topeka/Lawrence area

December, February, April, June

Carole Jordan